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Letter dated 6 August 2004 from the Chargé d'affaires a.i. of the Permanent Mission of Cyprus to the United Nations addressed to the Secretary-General

Further to our letter dated 23 July 2004 concerning a series of confidence-building measures proposed by the Government of the Republic of Cyprus on 16 July 2004 (A/58/857-S/2004/596), I have the honour to inform you that on 30 July 2004 the Government of the Republic of Cyprus announced concrete measures aimed at the faster and more efficient implementation of European Union Council Regulation 866/2004 of 29 April 2004, on a regime under Article 2 of Protocol No. 10 of the Act of Accession, which regulates, inter alia, the movement of persons and goods between the area of the Republic of Cyprus which is under the effective control of the Government and that which is not.

Specifically, these measures and initiatives are as follows:

1. Measures on the circulation of public-service vehicles owned by Turkish Cypriots

In order to facilitate the movement of Turkish Cypriots with mechanically driven vehicles and the transport of goods and passengers, the Council of Ministers of the Republic of Cyprus decided the amendment of the relevant national legislation, thus allowing for the free-of-charge issuing of a temporary driver's licence to Turkish Cypriots, as well as a temporary road service licence for vehicles owned by Turkish Cypriots. The Government's decision applies to the following categories of vehicles:

(a) Trucks to transport goods for own account;

(b) Trucks to transport goods for hire or reward;

(c) Tourist buses;

(d) Taxis owned by Cypriots or other European Union citizens having their normal residence in the area which is not under the effective control of the Government of the Republic of Cyprus.

Furthermore, the Council of Ministers decided to approve for translation into the Turkish language of all relevant legislation, documents and books concerning

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the syllabus of the written examination needed to obtain the necessary certificate to access the profession of road haulage or professional driver.

2. Measures to facilitate the movement of goods and the development of contacts and economic relations between Greek Cypriots and Turkish Cypriots

After a thorough study of European Union Council Regulation 866/2004 of 29 April 2004, the Government of the Republic of Cyprus has decided to formulate specific proposals for the amendment of that regulation so as to introduce more liberal provisions which will facilitate trade between Greek Cypriots and Turkish Cypriots. It also proposed measures under Council Directive 77/388/EEC aimed at applying simplified procedures in the field of value-added tax (VAT), which would render compliance with the acquis easier for persons operating within the Turkish Cypriot community. The proposals, which are currently being examined by the European Commission, refer to the following:

(a) Exemption from the obligation to register in the VAT Register for Turkish Cypriot undertakings, when transactions are carried out in the area under the effective control of the Republic of Cyprus with taxable Greek Cypriot undertakings;

(b) Simplification measures, under Article 24 of Directive 77/388/EEC, for Turkish Cypriot undertakings selling directly to the consumer in the area under the effective control of the Republic of Cyprus;

(c) Amendment of Article 4 (2) of Regulation (EC) 866/2004 so that goods eligible for export refunds or intervention measures will be allowed to cross the line to the area under the effective control of the Government of the Republic of Cyprus without being subject to customs duties or charges having an equivalent effect;

(d) Amendment of Article 5 of Regulation (EC) 866/2004 so that goods entering the Republic of Cyprus from other European Union member States or from third countries and destined for consumption in the area which is not under the effective control of the Government of the Republic of Cyprus will be liable to a zero rate of VAT. The same is to be valid for goods supplied from the area under the effective control of the Government of the Republic of Cyprus to the area which is not.

It should be noted that the aforementioned measures, though technical in nature, still have valuable political ramifications, in that they are in line with and contribute to the successful implementation of the European Union policy to facilitate the reunification of the island by encouraging the economic development of the Turkish Cypriot community, through proposals aimed at the economic integration of the island and the improvement of contacts between the two communities and with the European Union.

I should be grateful if you would have the present letter circulated as a document of the General Assembly, under agenda item 30, and of the Security Council.

(*Signed*) Andreas **Hadjichrysanthou**
Chargé d'affaires a.i.